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1. [*Guilbeault's Facebook snippet war; Terence corcoran*](#)

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Body

Steven Guilbeault - former Greenpeace activist, **climate warrior**, CN Tower climber and now Canada's heritage minister - flew out of the Ottawa policy bat cave earlier this month to spread a little viral commentary on the global corporate malignancies known as Big Tech. Calling Facebook a "bully," "immoral" and the tech equivalent of the "big polluters" and climate killers he fought in the past, Guilbeault seemed to be running advance interference for the Trudeau government's looming plans to tax and regulate Google, Facebook and other tech companies.

Ottawa is expected to outline some aspects of its Big Tech attack in next week's throne speech. The apparent trigger for Guilbeault's multimedia appearances was news from Australia that Facebook would "stop allowing" news publishers and others from sharing local and international news if the government went ahead with its plan to force the social media giant to pay news publishers for the news and other media content that flows over the internet.

In a blog post on Aug. 31, Facebook's managing director in Australia warned that Aussie regulators are drafting a competition policy that would require Facebook to negotiate with a cabal of Australian media corporations over how much money the tech giant should pay as compensation for some of the news content that runs on their platforms. "Assuming this draft code becomes law, we will reluctantly stop allowing publishers and people in Australia from sharing local and international news on Facebook and Instagram," he wrote.

Google Australia did not go that far, but it raised the same objections to the government's plan. The proposed "news media content code," it said, "would put the free services you use at risk in Australia."

Whether Ottawa has plans for a similar money-sharing code isn't known, although Guilbeault's rush to denounce Facebook does suggest something comparable is flying around the Liberal policy bat cave. He attacked Facebook for its "bullying attitudes" and said that Canada stands with Australia and won't tolerate "any form of threats" from the tech industry. He also warned Facebook that if it doesn't go along with governments around the world, it will face serious problems.

So what's all this about? What is this Australian bargaining code that Big Tech opposes and that Canada and other countries are supposedly looking at as one of the ways to fiscally tame the Big Tech monsters? It's a multi-billion-dollar Aussie battle between the tech giants and Australia's news giants, including Rupert Murdoch's News Corp., over snippets. The battle demonstrates the folly of looking at the tech economy through the wonky prism of competition theory and policy.

Snippets include the short extracts of news stories that appear on Facebook and in Google news searches. A Google search for the latest Donald Trump folly will produce a string of snippets, including headlines and one-sentence summaries from scores of media sources. The reader then clicks on the snippet and is taken to the media company's website for access to the full report.

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Facebook and Google do not pay for snippets, which are supplied without cost by media companies that seek exposure for their content. Media companies such as News Corp. can sell ads around the full version of the stories that appear on their websites. Or they could charge readers by selling subscriptions.

In Australia, as elsewhere, news organizations argue that Facebook and Google are unfairly grabbing advertising dollars using free snippet content supplied by the media companies. To compensate, the news companies say the tech giants should pay for the use of the snippets. On the other side, theoretically, tech giants could also request payment from media companies for access to their internet platforms.

Enter the Australian Competition and Consumer Commission (ACCC), which operates one of the world's most activist competition enforcement agencies. In July, ACCC chair Rod Sims announced a "draft mandatory code," which would enable Australian media to "bargain with" Google and Facebook to "quickly secure fair payment for news content." To make sure the bargaining takes place fairly and promptly, Sims said a government-appointed arbitrator would move to force a deal after 45 days.

Note the competition policy irony. The proposed bargaining model involves creating a government-mandated cartel of Australian media companies that will be encouraged to collude in their financial negotiations with Facebook and Google - the theory being that the media companies do not have the bargaining power necessary to extract large sums from the tech giants.

And the media companies do want large sums for their snippets. Earlier this year, Australia's major broadcaster suggested that Google and Facebook should pay US\$432 million (\$570 million) to news organizations in compensation.

On the other side of the negotiations, Facebook estimated that Australian media companies already make big bucks off their free snippets. "Over the first five months of 2020 we sent 2.3 billion clicks from Facebook's News Feed back to Australian news websites at no charge - additional traffic worth an estimated A\$200 million (\$193 million) to Australian publishers."

Facebook says that the ACCC's mandatory code establishes a system the leaves Facebook with a choice of either removing news entirely from its site, or "accepting a system that let's publishers charge us for as much content as they want at a price with no clear limits."

That's just a snippet of what can be expected to come from Steven Guilbeault and the government in Ottawa as early as next week. !@COPYRIGHT=© 2020 Postmedia Network Inc. All rights reserved.

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